



Michael D. Ward
Executive Director

July 9, 2014

The Honorable Maurice Jones
Secretary of Commerce and Trade
1111 East Broad Street
Richmond, Virginia 23219

Dear Secretary Jones:

I am writing on behalf of the Virginia Petroleum Council, a division of the American Petroleum Institute. I am also submitting this letter and attached documents as a member of the Virginia Energy Council, appointed by Governor McAuliffe on June 4, 2014. I was privileged to be invited to and attend 4 of the 6 listening sessions in June and learned a great deal about which energy issues were important to citizens around the Commonwealth. One issue that reflected a common theme from the sessions I attended was energy efficiency. There appeared to be some consensus among speakers that energy efficiency is one of the most cost effective resources for meeting the Commonwealth's energy needs.

At the July 7 meeting in Richmond, you suggested that Council members should select three of the proposals presented in the draft of Section 12-Findings, Goals, and Recommendations as those most important for inclusion in the final plan. In keeping with your advisement, I would offer the following points from the draft as especially worthy of retaining:

1. "Through increasing energy productivity through greater efficiency Virginia can become a national leader in energy efficiency practices that will increase the productivity of the energy used by citizens and businesses throughout the Commonwealth, while not imposing a disproportionate adverse impact on economically disadvantaged or minority communities."
2. "Begin offshore natural gas and oil exploration and development, and expand onshore oil and gas development in Virginia, through an open regulatory process that facilitates safe and environmentally sound energy production and eases market entry for new and expanding oil and gas businesses."
3. "Assist Virginia's coal and natural gas industries comply with state and federal requirements for safety, environmental management, and reclamation. This will lead to strong mining companies working to support the economic and environmental health of the communities in which they work."

It is important to include points 2 and 3 above for several reasons. It is important for the Virginia Energy Plan to reflect policy already stated in the Code of Virginia to be the policy of the Commonwealth. In fact, existing state policy should be considered a "guide" for the Virginia Energy Plan.

Point number 2 above is supported as such through Section 67-300 (A) (1-2) which states in part “....it shall be the policy of the Commonwealth to support federal efforts to –determine the extent of oil and gas resources 50 miles or more off the Atlantic shoreline...permit the production and development of oil and gas resources off the Atlantic shoreline, taking into account the impact on affected localities, the armed forces of the United States of America, and the mid-Atlantic regional spaceport.” I would note that the Bureau of Ocean Energy Management (BOEM) has begun the consideration of lease sales in the Atlantic through the new 5 year program so Virginia should work with BOEM to continue consideration of a lease sale in the 2017-2022 plan offshore Virginia. In addition, during this process, Virginia should urge the sharing of revenues for Virginia and other states that allow drilling for resources off their coasts.

Point number 3 above is supported by Section 67-102 (A) (5) which states in part “...it shall be the policy of the Commonwealth to..” Ensure the availability of affordable natural gas throughout the Commonwealth by expanding Virginia’s natural gas distribution and transmission pipeline infrastructure....” This policy statement, along with the reference to onshore production in point 2, maintains that existing natural gas and coal bed methane production in southwest Virginia and potential natural gas production in other areas of the state should be encouraged and supported for expansion. And with the new technologies for hydraulic and nitrogen fracking in place and already utilized and regulated in Virginia, there is all the more reason to position the Commonwealth be a beneficiary of the new jobs and revenues that can result from growth in this industry.

In further support of points 2 and 3, I am attaching documents as part of this submittal which I hope you will find informative. Thank you for consideration of these comments and the attachments.

Respectfully Submitted,

Michael D. Ward